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Subject: Special taxing district for LRT/BRT operating and maintenance costs

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This bill directs the Metropolitan Council to establish special taxing districts for each of its existing and new fixed guideway transit (FGT) lines to help pay costs to operate and maintain the lines. The districts would derive revenue equal to the increase in the property taxes paid by C/I and non-homestead residential parcels following certification of the district using a mechanism based on the tax increment financing (TIF) law. Revenue generated by these taxing districts normally would go to pay for city, county, and school costs (as is the case with TIF).

Transit lines covered. FGT lines are defined to include light rail transit lines and regular route bus transit that operates on a separate right-of-way used primarily for transit.

Area of district. The districts include each parcel of C/I or nonhomestead residential property within 1,000 feet of the FGT line but exclude any parcel that is in a TIF district that was certified before February 15, 2017. When such a TIF district is decertified, the parcel will be added to the special taxing district for the next taxes payable year.

Calculation and use of revenues. Revenues of the district are calculated following TIF law procedures with the following differences (other TIF restrictions do not apply):

- The current tax rate is used. TIF uses the lower of the current tax rate or the rate that applied in the year the district was certified.
- The original tax capacity for the district is annually adjusted based on the percentage change in C/I tax capacity in the county (but excluding any effects that result from new construction). TIF does not adjust original tax capacity for inflation. This feature will tend to increase the frozen or original tax capacity, allowing the regular taxing jurisdictions (cities, counties, and so forth) some increase in their tax bases for the parcels in the district.

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- There is no fiscal disparity election—the district is required to make the fiscal disparities contribution, rather than the municipality (here, the metropolitan council).
- Revenues must be used to pay for operating and capital maintenance costs of FGT line. Revenue may also be used to pay county administrative costs. If revenues exceed the operating and capital maintenance costs recovered from fares, the excess is returned to the taxing districts following normal TIF procedures for excess taxes.

Relationship to TIF and abatement. Parcels in the taxing districts could not be used to create new TIF districts and the tax could not be abated using economic development tax abatement.

Effective date: payable 2019 property taxes